

## Local Food Promotion Program (LFPP) Final Performance Report

The final performance report summarizes the outcome of your LFPP award objectives. As stated in the LFPP Terms and Conditions, you will not be eligible for future LFPP or Farmers Market Promotion Program grant funding unless all close-out procedures are completed, including satisfactory submission of this final performance report.

This final report will be made available to the public once it is approved by LFPP staff. Write the report in a way that promotes your project's accomplishments, as this document will serve as not only a learning tool, but a promotional tool to support local and regional food programs. Particularly, recipients are expected to provide both qualitative and quantitative results to convey the activities and accomplishments of the work.

The report is limited to 10 pages and is due **within 90 days** of the project's performance period end date, or sooner if the project is complete. Provide answers to each question, or answer "not applicable" where necessary. It is recommended that you email or fax your completed performance report to your assigned grant specialist to avoid delays:

LFPP Phone: 202-720-2731; Email: [USDALFPPQuestions@ams.usda.gov](mailto:USDALFPPQuestions@ams.usda.gov); Fax: 202-720-0300

Should you need to mail your documents via hard copy, contact LFPP staff to obtain mailing instructions.

<b>Report Date Range:</b> (e.g. September 30, 20XX-September 29, 20XX)	October 1, 2014 to September 30, 2016
<b>Authorized Representative Name:</b>	Maureen Datta
<b>Authorized Representative Phone:</b>	808-937-6224
<b>Authorized Representative Email:</b>	adaptations-hi@earthlink.net
<b>Recipient Organization Name:</b>	Adaptations Inc
<b>Project Title as Stated on Grant Agreement:</b>	Improving operational efficiency and producer capacity at a Hawaii Island Food Hun
<b>Grant Agreement Number:</b> (e.g. 14-LFPPX-XX-XXXX)	14-LFPPX-HI-0048
<b>Year Grant was Awarded:</b>	2014
<b>Project City/State:</b>	Kealahou, Hawaii
<b>Total Awarded Budget:</b>	\$75068 (Federal) + \$26308 (Non-Federal matching)

LFPP staff may contact you to follow up for long-term success stories. Who may we contact?

☒ Same Authorized Representative listed above (check if applicable).

☐ Different individual: Name: \_\_\_\_\_; Email: \_\_\_\_\_; Phone: \_\_\_\_\_

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1. State the goals/objectives of your project as outlined in the grant narrative and/or approved by LFPP staff. If the goals/objectives from the narrative have changed from the grant narrative, please highlight those changes (e.g. “new objective”, “new contact”, “new consultant”, etc.). You may add additional goals/objectives if necessary. For each item below, qualitatively discuss the progress made and indicate the impact on the community, if any.

- i. **Goal/Objective 1: Increase outreach to growers to enhance product quality and quantity and improve warehouse equipment**

- a. Progress Made: Our Project Coordinator, Rosetta, and Maureen, owner, have made bi-weekly site visits to current and new growers to strengthen relationships and assess potential growth or problems in production. New production plans were formulated and we received between 20 to 150% more produce from 5 significant farms since our project began. We identified 11 out of 71 growers producing the highest percentage of produce in our food hub and examined our relationships to see how best to improve them. Quality and reliability both showed improvement since visiting farms and suggesting improvements to operations. In addition to this grower outreach, our warehouse facility has received and implemented new equipment to increase operational efficiency and reduce lifting for staff. We created improved workstations with stainless steel tables replacing wood and cushioned station mats to reduce fatigue and define space. Security carts to store ripening fruit and vegetables increased vermin-proof and vertical storage capacity. Wide-deck Uboat platform carts reduced lifting and handling and increased cold storage usability. Custom tape with our logo, name and phone number has increased our Food Hub brand’s visibility and allowed us to tag all products we distribute.
- b. Impact on Community: Growers who deliver to our warehouse have noted our increased operational efficiency that has been achieved with our new equipment. No more bottlenecks of growers arriving all at once and having to wait to be received. Our work and space flow have improved and this has also increased employee job satisfaction and therefore retention. Two young farmers, formerly Hamakua Farmer Cooperative founders, are each purchasing larger farms from retiring farmers. Both will be relying on our Food Hub to market and distribute for them because of our demonstrated ability and recent greater capacity due to our grant support implementation. We receive a couple of calls each week from new growers who are hearing about us from members of the community. Word of mouth is very strong on our rural island.

- ii. **Goal/Objective 2: Improve Adaptations’ customer service outreach**

- a. Progress Made: We have increased our customer base across all types: restaurants, CSA members, processors and now distillers. Our software upgrade from version 2008 to 2015 in AccountEdge has provided advanced service features to customers & vendors and improved our ability to report and analyze business. This LFPP grant gave us the confidence to implement ideas that would have been cost-prohibitive without its financial support. Our new use of the inventory feature allows us to respond immediately to last minute orders, reduces time spent on taking inventory and increases accuracy for sales and inventory. Using this upgraded feature also provides better cost and profit analysis. We have created new item numbers that provide variations to maintain farm identity/traceability to customer invoices and allow volume

- pricing tiers. Our packing tape now carries our name and phone number to better identify our products inside our customer's facilities. This helps increase our Food Hub brand recognition and emphasizes the diversity of our products. Brand identification tape is more versatile than printed boxes, because it affixes to any packaging that we receive and handle.
- b. Impact on Community: Our CSA membership has increased by 37% since the onset of our project. Our number of wholesale customers has increased by 5%, which reflects some attrition from closed businesses. This growth has been achieved without the originally planned wholesale ecommerce site that we now have implemented as an online retail store in order to remain ahead of the curve in using available technology to promote local agriculture.
- iii. **Goal/Objective 3: Improve client interfacing with both buyers and farmers through operational improvements in receiving, invoicing, and billing**
- a. Progress Made: Improving the business operations of the accounting department at Adaptations through the use of *AccountEdgePro Pro* has resulted in greater efficiencies in invoicing and billing that is increasing customer satisfaction. The new item code creation in the accounting software means we can track inventory and establish known unit sizes. By standardizing unit sizes, prices can better reflect the value to include labor, packaging and shrinkage. Items will now be identified by farm and if that farm is certified organic. Utilizing the inventory control system has helped us better manage shorts and overs and trace which farm it is from. We will not be purchasing ipads because the AccountEdgePro software is best accessed with wifi on our two desktop workstations and an additional laptop.
- b. Impact on Community: We are experiencing that customers, vendors and employees benefit from the new software and workstations. The revision of our item codes provides pricing levels that account for re-packing and also maintains farm identity from farm to customer.
2. Quantify the overall impact of the project on the intended beneficiaries, if applicable, since the baseline date (the start date of the award performance period—September 30, 2014). Include further explanation if necessary.
- i. Number of direct jobs created: One
  - ii. Number of jobs retained: Six
  - iii. Number of indirect jobs created: Approximately eight new jobs have been created by developing relationships with eleven top-producers, 8 and 22 minor seasonal new growers and ancillary partners.
  - iv. Number of markets expanded: Our CSA has increased in membership by 37%. Notably, it is the Custom Made Share, with a higher profit margin, that has seen the increased membership rather than the Grower's Choice Basic & Gourmet Shares. We conclude that customers are willing to pay more for the ability to choose their own items. This shifts sales from our wholesale market margin to our retail sales margin. We have increased the volume of supply to Whole Foods Market (3 Hawaii locations) and are in process of getting the 12 primary farms, including our own, through their new Responsibly Grown Rating System. Comparing first quarter 2015 to first quarter 2016, a 45.8% increase was achieved in sales to Whole Foods.
  - v. Number of new markets established: Our biggest recent marketing accomplishment is getting into Hawaii's largest locally owned and operated grocery retailer with 8 locations

on Hawaii Island and 18 locations on Oahu. This significant expanded market gives us more leverage in securing market and pricing for our growers.

- vi. Number of farmers/producers that have benefited from the project:
  - a. Percent Increase: Production value increased by 4.4%, with attrition of 63 very minor growers and addition of 71 new growers, including 5 significant new growers, since 2014. Comparing 2014 to 2016, purchases went from \$915,503 to \$955,710. Our own farm production has increased 35%. Weekly, we sourced from ~35 growers in 2014 and now ~55 in 2016.

- 3. Did you expand your customer base by reaching new populations such as new ethnic groups, additional low income/low access populations, new businesses, etc.? If so, how?  
We doubled the number of public charter schools FFVP at schools where more than 60% of students qualify for reduced or free meals, increased CSA membership by 37%, opened accounts with 17 new restaurants, 2 new grocery stores and 2 new distillers with local fruit and herbs. Our CSA redeemed \$60 in double-value-coupons funded by One Island's Same Canoe grant.

4. Discuss your community partnerships.

- i. Who are your community partners? U.S. Small Business Administration, Farm Service Agency Hawaii State & Pacific Basin State Executive Director Diane Ley, Hawaii Farmers Union United, The Kohala Center (TKC), One Island Sustainable Living Center, Under the Bodhi Tree Fitness Team and the FFVP at two charter schools: Kona Pacific PCS and Laupahoehoe CPCS.
- ii. How have they contributed to the results you've already achieved? Maureen joined the Board of the Kona Chapter of Hawaii Farmers Union United in October 2015. The board has three farmers, a school garden teacher and the UNFI Hawaii rep. One of those farmers became a supplier to our food hub in April 2016. Membership drives and general membership meetings have put me in touch with new and current growers in another supportive role in our agricultural community. The Same Canoe Local Food Challenge Pilot Program grant operated by One Island seeks to double the volume of local produce consumption through double value coupons for SNAP/ebt recipients and events highlighting the important role that local agriculture plays in our community's health. Adaptations' CSA, Fresh Feast, redeems the double value coupons. Adaptations' collaboration with Under the Bodhi Tree Fitness Team has seen two events since it's formation in August and has benefited from multiple avenues of publicity in local press and social media. Adaptations Food Hub warehouse hosted the HFUU general membership meeting on May 31, 2016 and State Executive Director Diane Ley, Farm Service Agency Hawaii State & Pacific Basin, presented resources available for farmers. Maureen responded to a request from the USDA Agricultural Marketing Services to provide an opportunity for this type of outreach. In April of 2015, we were awarded the County of Hawaii 2015 Small Business Advocate for Financial Services by the U.S.SBA in recognition of the support we provide to our network of small family farms.
- iii. How will they contribute to future results? Continuing programs with TKC, HFUU and the public charter schools, One Island and Under the Bodhi Tree Fitness Team will reinforce the reputation of our food hub as a convenient source for local produce and our staff as thought leaders in our community. HFUU board membership gives me access to statewide agriculture leaders and we will continue to share our Food Hub model through this union.

5. Did you use contractors to conduct the work? If so, how did their work contribute to the results of the LFPP project? Not applicable.

6. Have you publicized any results yet? No.

i. If yes, how did you publicize the results?

ii. To whom did you publicize the results?

iii. How many stakeholders (i.e. people, entities) did you reach?

\*Send any publicity information (brochures, announcements, newsletters, etc.) electronically along with this report. Non-electronic promotional items should be digitally photographed and emailed with this report (do not send the actual item).

7. Have you collected any feedback thus far about your work? Yes.

i. If so, how did you collect the information? We used Survey Monkey to create an exit survey for our CSA customers.

ii. What feedback have you collected thus far (specific comments)? Eight CSA customers responded. 75% cancelled because they don't use it in time and 25% have alternative sources for local food. Their sources were, in descending order, grocery store, farmers markets, personal gardens and family & friends.

8. Budget Summary:

i. As part of the LFPP closeout procedures, you are required to submit the SF-425 (Final Federal Financial Report). Check here if you have completed the SF-425 and are submitting it with this report: Yes

ii. Did the project generate any income? Not applicable.

a. If yes, how much was generated and how was it used to further the objectives of the award?

9. Lessons Learned:

i. Summarize any lessons learned. Draw from positive experiences (e.g. good ideas that improved project efficiency or saved money) and negative experiences (e.g. what did not go well and what needs to be changed).

a. Necessity is the mother of invention. We incorporated our business in 1993 and grew from three founding farmers to more than 150 gardeners and growers by 2016. Because our distribution company evolved from the direct needs of getting produce to market, each system was created by mistake, in a way, because it was out of necessity. Each problem fostered a solution that became a system or SOP. After 25 years of fumbling along, we have an operation in place that is practical and no-frills. The LFPP grant took us to the next level of professionalism.

b. Sometimes the best things are homegrown. Our systems are customized for us, so paying a monthly subscription to a cloud-based food hub management software didn't make sense for us. We market, source, pack, ship and deliver twice per week. There are not many affordable management systems that can accommodate that kind of schedule and factor in different harvest and receiving dates in inventory and logistics, etc. It took months of diligent searching to realize that we are best served by upgrading our current accounting software and improving the excel spreadsheets that are already in place. Established Food Hubs have different needs than new Food Hubs. As Dorothy said in the

Wizard of Oz: “Well, I - I think that ...- if I ever go looking for my heart's desire again, I won't look any further than my own back yard. Because if it isn't there, I never really lost it to begin with!” Be like Dorothy Gale.

- c. Recognize and focus on your role in the community. Food Hubs provide a service for small-scale producers to get their products to market, but can be perceived as a barrier for larger scale producers who have the volume and capability to sell direct. These two years of grant support have enabled us to better define what we offer as a Food Hub. We have learned to increase margin to reflect re-packing services and to decrease margin to reflect reduced input for palletized shipments and volume sales. We are now considering a broker fee arrangement for distributing product that we transship and never take possession of for our larger producers who have grown in production scale but don't want to handle sales, marketing and logistics. As producers gain experience and expand, there can be an uncomfortable time where the value of the Food Hub is questioned and the answer lies in ensuring the service is relative to the margin commanded.
- ii. If goals or outcome measures were not achieved, identify and share the lessons learned to help others expedite problem-solving:
  - a. Know thyself: meaning, assess your organization in the context of your field. Although our Food Hub seemed small and regional, we learned that we are uniquely 100% locally-sourced in the state. Our context had been comparing our operation to produce distributors that source internationally, so we thought we were small. But, because we're all local, we are the largest and oldest of our kind in the state and we became recognized as pioneers and thought leaders as the term Food Hub grew in the last few years.
  - b. Although our company is unique, we are not alone. Joining the national community of Food Hubs was a revelation – we have found our people. Food Hub conferences and online groups like the National Good Food Network are huge resources to draw from and the sooner you connect the better. The amount of sharing is startling – from technology to best practices to zero waste packaging options to job descriptions to warehouse design to equipment.
  - c. The term Food Hub applies to many types and scales of operations, so don't expect a one-size-fits-all solution to your problem. Even the best off-the-shelf software will need to be adjusted to suit your situation.
- iii. Describe any lessons learned in the administration of the project that might be helpful for others who would want to implement a similar project:
  - a. If you receive funding for personnel, create a timesheet template in excel for figuring reimbursable hours using formulas. We found that requesting reimbursement in two month increments made the most sense.
  - b. Approach grant administration with the same impeccable systems you use for your taxes – hard copies to back up virtuals, back ups, regular reports and analysis printed and saved.
  - c. Don't hesitate to contact the LFPP office with questions. They want to assist you with being successful.
  - d. Create a schedule to meet reporting deadlines and input important compliance dates on your calendar. Internal deadlines for report rough drafts and designing, creating and distributing surveys will help to give you enough time for

completing them on schedule.

10. Future Work:

- i. How will you continue the work of this project beyond the performance period? In other words, how will you parlay the results of your project's work to benefit future community goals and initiatives? Include information about community impact and outreach, anticipated increases in markets and/or sales, estimated number of jobs retained/created, and any other information you'd like to share about the future of your project.

Having completed our goals for this grant project, we will continue our mission to engage in ecologically sound community and land development based on organic farming, alternative energy and complimentary medicine. The activities implemented through this grant will become part of Adaptations' standard operating procedures and therefore continue beyond the term of the grant. Our grower and customer outreach continues in our daily operations, through site visits and community events. We have established ourselves as a leader in supplying schools with local fruits and vegetables. This position allows us to share our best practices in order to facilitate an increased portion of regional fresh produce in the cafeterias as well as through the FFVP. The HDOE procurement system is transforming from a centralized procurement system to acknowledging the benefits of regionality. Hawaii State now has a Farm to School Coordinator, Dr. Robyn Pfal, who will oversee the shift from central, large-scale restrictions to more regional, small-scale opportunities to supply schools. Our food hub will play a significant role in buying from many small family farms and handling the logistics and legal hurdles required to sell to the schools. We have implemented our Shopify platform to facilitate online retail sales and we expect this to support an expanding product line including our Oceanfire Brand. We will continue to improve operational efficiency in the next six months. This requires continued staff training on the upgrades within AccountEdge Pro and its interface with Shopify. We will continue our work to improve customer and grower relations. We are scheduled to promote the work of our food hub and membership in our Fresh Feast CSA at multiple community events in the next six months. We have scheduled weekly farm visits to new and current farmers around the island. We will complete documenting 12 farm's production and conservation practices for the new Whole Foods Responsibly Grown Rating System and that will involve farm visits and interviews in order to comply. We see this as beneficial to our food hub in providing us with structured questions to ask growers and a way to gain more thorough understanding of their production practices. It will also strengthen our role as a service to the small farms that would not otherwise have access to Whole Foods Market. The growing relationship with Foodland promises to further expand local food market reach and value.

- ii. Do you have any recommendations for future activities and, if applicable, an outline of next steps or additional research that might advance the project goals? We currently lease our warehouse space and we see the next growth phase of our Food Hub to be purchasing our own building. That would add value to the business and also provide the space to create a certified kitchen where we could provide lightly prepared foods for farm to school programs. We could also make value-added products with number two quality fruits and vegetables and capture overproduction during gluts and sell them as retail products through our CSA and online retail store.